

JP:

The Bozeman Explosion totally destroyed 5 buildings in our Downtown TIF, and did significant damage to 3 other buildings. When Department of Revenue makes their property tax assessments for the coming year, we have 5 buildings that are gone (zero value?) and 3 that will have a significantly diminished value for tax purposes. HB 653

According to Tax Increment Statutes, we can't subtract those destroyed buildings from the base value of the district. That means the explosion damage comes right off the top – comes out of the incremental value of everything that has been constructed in the district since it was formed. My rough calculations, before any reappraisal values, is that approximately \$35,000-\$40,000 of Tax Increment Funding (EACH YEAR, until reconstruction takes place) was destroyed.

In our case, we are fortunate that our bonds aren't in danger, since we didn't bond the full value of the district. We were conservative and left some room. However, the concept of these districts is to spur economic development and clean-up blight. We had a local emergency that CAUSED blight (a huge rubble pile, vacant lots, significant disruption of gas utility services, etc.) and damaged economic development efforts in the area for (arguably) years to come.

From a policy perspective, it seems smart to ensure that these sensitive areas be insulated from further disasters by allowing the base value to be adjusted when unforeseen property damage occurs as a result of a bona fide local emergency.

From a practical perspective, our Downtown TIF helps to fund the efforts of our Downtown Partnership (which is critical to coordinated economic development and safety issues in the TIF), streetscape improvements, trash clean up, parking garage, etc. TIF dollars are extremely well spent. The loss of \$35,000-\$40,000 each year to our efforts downtown is a big blow at a time when it is most critical.

That's my thoughts. I'll see you tomorrow.

Thanks for all your help.

Anna Rosenberry, CPA  
Finance Director  
City of Bozeman, Montana  
121 N. Rouse Avenue  
PO Box 1230  
Bozeman, MT 59771  
406-582-2325